

Department of Social and Health Services

DP Code/Title: PL-FL Replace TANF MOE Funds

Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

This decision package proposes to restore a portion of the funding needed to meet the Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirements. The appropriation for TANF MOE was reduced beginning in State Fiscal Year 1999. This step requests restoration of a portion of the required funding.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 060			
001-1 General Fund - Basic Account-State	15,000,000	30,000,000	45,000,000
001-D General Fund - Basic Account-TANF (DSHS)	(15,000,000)	(30,000,000)	(45,000,000)
Total Cost	0	0	0

Staffing

Package Description:

At the close of State Fiscal Year 1998 the entire TANF MOE requirement for Federal Fiscal Year 1998 had been achieved. Since the MOE requirement had been met, the department was not required to make any MOE expenditures during the first-quarter of State Fiscal Year 1999 (the last quarter of Federal Fiscal Year 1998).

It was determined that the excess state funds could be better used in other aspects of state government. Consequently, the value of one-quarter of MOE expenditures, approximately \$65 million, was removed from the budget for State Fiscal Year 1999. This reduced appropriation continued into subsequent years.

Since the MOE requirement does not change from year to year, the removal of \$65 million did not represent a savings to the department, but rather the requirement to spend this amount of MOE was pushed into the future. For example, the removal of these authorizes funds from the State Fiscal Year 1999 budget meant that the General Fund-State (GF-S) appropriation for MOE did not meet the TANF MOE requirement for Federal Fiscal Year 1999, making it necessary to spend \$65 million during the first-quarter of State Fiscal Year 2000 to meet the MOE spending requirements for Federal Fiscal Year 1999. This reduced the amount of state authority available to meet the Federal Fiscal Year 2000 TANF requirement, meaning that even more state dollars would need to be spent in the first-quarter of State Fiscal Year 2001 (last quarter Federal Fiscal Year 2000) in order to meet the Federal Fiscal Year 2000 TANF MOE requirement.

Economic Services Administration's (ESA) TANF MOE appropriation is approximately \$240 million per year. The state estimates that in order to meet the Federal Fiscal Year 2003 TANF MOE requirement, ESA will need to spend \$116 million in the first-quarter of State Fiscal Year 2004. This is half the TANF MOE appropriation for State Fiscal Year 2004, which means that even less GF-S authority is available in the next three quarters of the State Fiscal Year 2004 for use to meet the Federal Fiscal Year 2004 MOE requirement.

The problem is exacerbated by the fact that in order to spend an ever increasing portion of the MOE requirement in the first-quarter of each state fiscal year, the department must have enough clients receiving benefits that are TANF MOE eligible. The higher the MOE requirement in the first state fiscal year quarter, the less likely it becomes that there will be enough TANF MOE eligible expenditures.

Narrative Justification and Impact Statement

How contributes to strategic plan:

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Funding this proposal will assure the ability of the program to meet federal requirements necessary to maintain the maximum amount of federal revenue possible. By maintaining funding for the program, the department is able to maintain a safety net for people in need.

Performance Measure Detail

Program: 060

Goal: 02F Maintain safety net for people in need.

Output Measures

		Incremental Changes	
		<u>FY 1</u>	<u>FY 2</u>
2F5	Average monthly caseload for one-parent Temporary Assistance for Needy Families (TANF) households. The goal is to have caseloads under targets.	0	0
2F6	Average monthly caseload for two-parent Temporary Assistance for Needy Families (TANF) households. The goal is to have caseloads under targets.	0	0

Reason for change:

This change begins the process of restoring the necessary state funding authority to meet the federal MOE requirement for the WorkFirst program.

Impact on clients and services:

While this proposal has no direct impact on clients, it will ensure that federal funding is maintained, ensuring that there will be no reduction in services to clients.

Impact on other state programs:

None

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

Possible alternatives to this proposal include either changing the additional amount of GF-S funds being requested for either or both fiscal years, or not seeking additional state funds at this time.

Providing the requested funding increased the assurance of the departments ability to meet the MOE requirements. This proposal is an attempt to begin addressing the problem in a way that will minimize the immediate impact to the state.

Budget impacts in future biennia:

The increased level of funding will carry forward into future biennia.

Distinction between one-time and ongoing costs:

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These costs will be ongoing.

Effects of non-funding:

If the department fails to meet the TANF MOE requirement, there will be a federal penalty imposed, equal to the amount by which the state fails to meet its basic MOE requirement.

Expenditure Calculations and Assumptions:

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program Totals			
<u>DSHS Source Code Detail</u>			
Program 060	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
GFS2 General Fund State TANF Moe	15,000,000	30,000,000	45,000,000
<i>Total for Fund 001-1</i>	15,000,000	30,000,000	45,000,000
Fund 001-D, General Fund - Basic Account-TANF (DSHS)			
<u>Sources</u> <u>Title</u>			
558B Temp Assist for Needy Families (TANF) (100%)	(15,000,000)	(30,000,000)	(45,000,000)
<i>Total for Fund 001-D</i>	(15,000,000)	(30,000,000)	(45,000,000)
Total Program 060	0	0	0